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# **Mexican Policy Toward Central America**

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**An Intelligence Assessment**

State Dept. review completed

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*ALA 82-10131  
September 1982*

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# **Mexican Policy Toward Central America**

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**An Intelligence Assessment**

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This assessment was prepared by [redacted]  
Central America Working Group, Middle  
America/Caribbean Division, Office of African  
and Latin American Analysis. Comments and queries  
are welcome and may be directed to the Chief,  
Middle America/Caribbean Division, ALA, on  
[redacted]

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**Mexican Policy Toward  
Central America**

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**Key Judgments**

*Information available  
as of 15 September 1982  
was used in this report.*

Mexico's assistance in toppling the Somoza regime in Nicaragua in mid-1979 signaled a new course of providing diplomatic, political, and economic aid to leftist governments and revolutionary movements and further distancing itself from conservative governments in the region. This shift marked a significant departure in the level of Mexican activity and extent of its commitment in Central America.

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The intellectual foundation of Lopez Portillo's policy, which reflects broadly shared beliefs within the Mexican governing elite, combines a pragmatic calculation of Mexico's national interest and historically rooted sympathy for revolutionary movements. The slowing of revolutionary momentum in Central America in recent months—although causing some reassessment—has not altered Mexico's contention that sooner or later the radical left will come to power in much of the region. The fact that the Mexican Government does not feel threatened by this prospect stems partly from its view that revolutionary leaders are young, impressionable, and susceptible over time to moderating influences from abroad.

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We believe that Lopez Portillo, in line with his own social democratic leanings, would prefer that the less extreme elements in the revolutionary coalitions dominate. But his confidence in Mexico's ability to reach an arrangement even with radical governments is reinforced by the longstanding ties Mexico has had with Castro's Cuba.

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President-elect de la Madrid is publicly on record that he agrees with the basic thrust of his predecessor's approach toward Central America. We expect, therefore, that Mexican policy will remain divergent from that of the US after he takes office this December. Shades of difference between the two presidents' policies are likely to emerge over the next few years, however; and de la Madrid, in our view, probably will temper Lopez Portillo's activism in some instances. This judgment is based on our belief that the restraints on Mexican policy will increase during the next administration.

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Mexico's serious economic difficulties are bound to absorb de la Madrid's attention for the foreseeable future, and Mexico's growing need for US economic cooperation should lead to greater caution in undertaking

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initiatives in Central America that would strain bilateral relations. Conservative groups at home, especially the private sector and the military, increasingly worry that turmoil in the region will affect Mexico's security; we expect these conservatives to become more assertive—and probably more influential—under de la Madrid. Other factors are the cool-to-hostile response in Latin America to Mexico's policy, growing skepticism about Central American revolutionaries—especially Nicaragua's Sandinistas—among some West European governments and parties that have cooperated with Mexico, and the strain on Mexico's foreign assistance programs caused by its economic crunch. [REDACTED]

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Prospects for narrowing differences between US and Mexican policy are least promising, in our view, in regard to Nicaragua. Despite his misgivings over Sandinista repression and Cuban influence, Lopez Portillo has shown no inclination to reduce Mexico's political or economic aid to Managua, which he has labeled a "true cornerstone" of Mexican foreign policy. De la Madrid has promised to continue the aid, but there are tentative indications that he may be more inclined to use Mexico's resultant leverage to try to moderate Sandinista actions. Defense of Nicaragua—like that of Cuba—is rapidly becoming an integral part of the ruling party's revolutionary tradition [REDACTED]

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With Guatemala bordering it on the south, Mexico has a less romantic view of the revolutionary movement there. [REDACTED]

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De la Madrid, meanwhile, has signaled his intention to provide a "model of coexistence" in Mexico's relations with Guatemala, [REDACTED]

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Mexico's favorable attitude toward Honduras's restoration of a democratic process is qualified by concern that Tegucigalpa is aiding the Salvadoran counterinsurgency effort and harboring anti-Sandinista insurgents that have been harassing the Nicaraguan Government. We believe that Mexico probably will remain careful, however, not to line up against Honduras in its dispute with Nicaragua.

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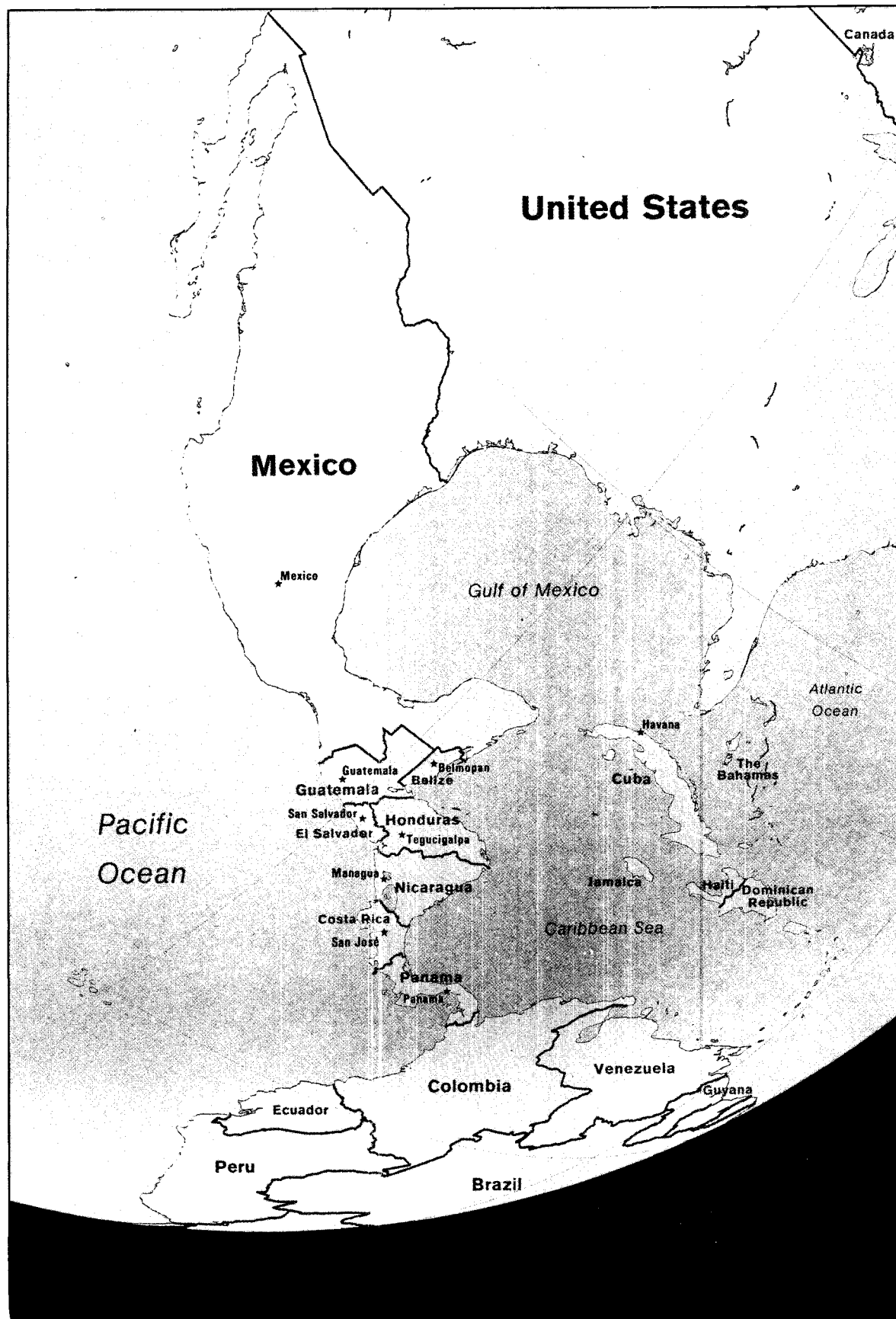
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## Mexican Policy Toward Central America

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### Introduction

For the past three years or so, that is, throughout the second half of the Lopez Portillo administration, important differences between the United States and Mexico over Central America have caused friction in bilateral relations.

unconditional, and their vocal defense of Nicaragua tends to rise and fall with the Sandinistas' public concern over US hostility. Nicaragua's international respectability is bolstered considerably by Mexico's stance, especially in Western Europe where many governments look to Mexico for guidance on Latin issues.

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These differences are a product of divergent interpretations of the causes of political instability in the region, the intentions of revolutionary leaders and how best to moderate their behavior, the extent and significance of Cuban and other Communist involvement, and—perhaps most important—the consequences of radical leftist victories for Mexican and, ultimately, US security. In assessing Mexico's policies and actions in Central America since the spring of 1979, this paper examines the motives for—and the limits on—Mexican behavior, discusses the prospects for Mexico's policy toward Central America after Miguel de la Madrid takes power as President on 1 December, and analyzes the implications of this transition for US policy toward the region. The appendix provides a comprehensive review of the evolution of Mexico's policy toward four Central American countries facing revolutionary unrest, namely, Nicaragua, Guatemala, and Honduras.

By meeting with Guatemalan leaders—including former President Lucas—Lopez Portillo has made sporadic attempts to ease bilateral tensions with Guatemala.

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### Mexican Reaction to the Central American Crisis

#### Recent Policies Toward the Region

Mexico's support for the radical left in Central America is most dramatically demonstrated in the Nicaraguan cases, but the bias is clear in attitudes toward Guatemala and Honduras as well.

Support by the Lopez Portillo government for the Sandinistas, generous even during the Nicaraguan insurrection, has not faltered even when Mexico has found itself out of step with Latin American and other allies. Mexican leaders characterize their backing as

Mexico has paid relatively less attention to Honduras, although Lopez Portillo has taken an active interest in the transition to elected civilian government. His basically supportive approach toward the Honduran Government, however, gives way to overriding concern when Honduran policies affect Nicaragua's Sandinistas and El Salvador's revolutionary coalition. For example, Lopez Portillo has on several occasions

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called for the disbanding of Nicaraguan "counterrevolutionary" groups in Honduras and the US. [redacted]

### **Mexican Motives and Limitations**

The late spring of 1979 represented a watershed in Mexico's policy toward Central America. Beginning with Mexico's assistance in toppling former Nicaraguan President Somoza, the Lopez Portillo administration embarked on a course of providing diplomatic, political, and economic assistance to leftist governments and revolutionary movements and further distancing itself from conservative governments in the region. Although consistent with the Mexican Government's sentiments toward Castro's Cuba and Allende's Chile, this policy marked a significant departure in level of activity and extent of commitment. In adopting this approach, which in its broad contours probably will guide at least the next administration, the Lopez Portillo government based its actions on several deeply held beliefs and on a careful assessment of Mexico's national interests. [redacted]

**Revolutionary Leftist Victories Are Inevitable.** President Lopez Portillo and Foreign Secretary Castaneda have publicly expressed their conviction that fundamental social change is inexorably under way in Central America. Both men believe that the natural outcome of the process—if it is permitted to run its course—will be the emergence of regimes to the left of anything currently existing in Latin America, except Castro's Cuba. Guided by their political philosophy—which resembles that of leftwing European Social Democrats—and their longstanding abhorrence of rightwing military rule, Lopez Portillo and Castaneda have said that they believe most Central Americans will benefit from revolutionary transformation. [redacted]

Mexico's staunch opposition to US intervention to counteract revolutionary forces is, therefore, in part morally inspired. It is given special emphasis by Mexico's own historical experience with the US. It also stems, however, from pragmatic calculations. Mexican policymakers publicly have made clear that they believe such outside intervention only delays the inevitable and at the same time permits the more doctrinaire elements in leftist coalitions to dominate.

Thus, they contend, efforts to thwart the revolutionary process, even if immediately successful, will, over time, only produce eventual outcomes more radical than those that would otherwise emerge. [redacted]

Satisfied that the revolutionary tide in the region cannot be stemmed, we believe Mexican policymakers almost certainly have looked to their country's more than 20-year relationship with Castro's Cuba as an instructive precedent. Mexico's outspoken political support, economic and technical cooperation, [redacted]

[redacted] has given Cuba a major stake in maintaining friendly ties and forgoing subversive activities against the Mexican Government. We believe Mexican leaders are mindful of the risks in assisting takeovers in Central America by Cuban-style governments—especially in Guatemala on their southern border. From their perspective, however, attempting to thwart the insurgents—and inevitably failing—would needlessly invite externally supported subversion against Mexico. [redacted]

**Revolutionaries Are Susceptible to Moderate Influence.** The willingness of Mexican policymakers to run this risk partly reflects their benign view of insurgent forces in Central America. It also stems from confidence in Mexico's ability to moderate and even co-opt radical groups—a view that has emerged from dealings with domestic leftists. Lopez Portillo and Castaneda have told US officials that they view most insurgent leaders as, above all, nationalists—men who will want to avoid repeating Cuba's mistakes of excessive political dependence on the Soviet Union and debilitating economic stagnation in favor of policies more in tune with their own domestic realities. The Mexicans insist that early US pressure distorted Castro's original intentions and forced him into the Soviet camp. They argue, therefore, that a more flexible strategy this time by Western governments will moderate the radicalization of the region. [redacted]

Underlying Mexico's perspective is the view that many of the revolutionary leaders are young, impressionable, even malleable—an interpretation that they will not easily abandon judging from their continuing tolerance for Sandinista actions and their lingering view of Castro. For Mexican policymakers then, the insurgents' lack of firmly rooted ideological beliefs,

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**Mexican Foreign Secretary**  
**Jorge Castaneda**



*The onset of Mexico's activism in Central America coincides with the appointment of Jorge Castaneda as Foreign Secretary in May 1979. He has been a key force in shifting Mexican policy toward greater support for the revolutionary left. Disappointed at the obstacles to more sweeping social transformation in Mexico, Castaneda has told US officials that he believes in bringing revolutionary situations in Central America to a boil.*

*is less skeptical than Lopez Portillo of Cuban—and even Soviet—motives, and he has been instrumental in promoting closer communications with Havana.*

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together with the support and patience of nonradical governments, leave open the possibility for the emergence in time in Central America of what Lopez Portillo has labeled “third alternatives”—regimes less radical than Cuba but better able in his words to “implement egalitarian solutions than Mexico.”

**Political and Psychological Payoffs.** We judge that, in the view of the Lopez Portillo administration, the risks inherent in a generally supportive approach toward the radical left in Central America are offset by immediate advantages to the government. At home the policy has helped deflect potential leftist criticism of the administration's shortcomings in socioeconomic areas. It has also strengthened the government's position in trying to appeal to politicized youth at a

time of growing concern about sustaining public support. Moreover, by fulfilling the government's rhetorical commitment to its revolutionary heritage, we believe that the approach has provided psychological satisfaction to members of the Mexican governing elite by assuring them of a policy that is to the left of the US.

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Internationally, the policy responds to a frequently expressed belief by Mexican leaders that the country's size entitles it to greater influence in shaping events in the region than it exercised before 1979. In crafting a strategy of assistance—short of military aid—to the radical left, Mexican policymakers also hope to increase Mexico's prospects for a leadership role on a

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**PRI's Foreign Policy Role**

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*Lopez Portillo's sensitivity to potential criticism of official Mexican contacts with the radical left in Latin America has caused him to grant a new role in foreign policy to the ruling Institutional Revolutionary Party (PRI). As president of the PRI from February 1980 to March 1981, Gustavo Carvajal took the lead in cultivating leftists in the region, arguing that Mexico's objective was to strengthen democratic elements within the revolutionary coalitions. To institutionalize these contacts, PRI sponsored the creation of the Permanent Conference on Latin American Political Parties (COPPPAL) in October 1979. COPPPAL now has more than 29 member parties—ranging from Social Democrats to Nicaragua's Sandinista National Liberation Front (FSLN) but excluding guerrilla groups—and meets as frequently as four times a year. Befitting the PRI's new responsibilities, the staff of its international office was significantly expanded, and at least initially young party activists deliberately failed to coordinate their activities with their counterparts in the Foreign Ministry, whom they view as "hidebound diplomats."*

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broader international stage. By working independently of the US and Venezuela and challenging their thesis that a centrist alternative can be molded in Central America, Mexico has been able to enhance its image among West European and nonaligned states.<sup>1</sup>

**Limits on Mexican Policy.** At the same time, several factors have, in our view, restrained Mexican actions in Central America.

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This sensitivity has increased as the US has emphatically demonstrated its determination to resist radical leftist gains in the area. (S)

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[REDACTED]

He underscored this point—while emphasizing that US cooperation on economic matters will not cause his government to alter its foreign policy—by giving prominent treatment in his 1 September 1982 State of the Nation address to a defense of his policy toward Central America and Cuba. [REDACTED] 25X1

Lopez Portillo's recent success in persuading Venezuelan President Herrera Campins to join in trying to promote a dialogue between Nicaragua and Honduras presumably has given new impetus to his goal of acting as a peacemaker in the region. We believe that Lopez Portillo's desire to build his image as a statesman and his conviction that history will vindicate his policies will ensure that his government will push actively for support of his proposals during the remaining weeks of his term. [REDACTED] 25X1

We continue to believe that events over the past few years have not caused Mexican leaders to revise their fundamental assessment of the historical forces at work in Central America. Nonetheless, the failure of trends in some important instances to correspond to their expectations has prompted misgivings. Most notably, senior Mexican officials have privately expressed surprise at the massive turnout for elections in March 1982 in El Salvador and at the inability of the Salvadoran radical left to broaden its popular base, according to US Embassy sources. [REDACTED]

Lopez Portillo's nationalization of the domestic banks on 1 September and his subsequent moves to rally support among leftwing groups in the Institutional Revolutionary Party (PRI) have raised concerns that he will take equally dramatic steps in Central America. The quixotic nature of the Mexican President's recent actions make it difficult to rule out entirely a radical new Mexican foreign policy initiative. [REDACTED] 25X1

[REDACTED]

[REDACTED] Mexico's lack of success in rallying support in the hemisphere for its Central American policy, in our view, has also deterred its activism. [REDACTED]

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#### The Likely Course of Mexican Policies

The well-publicized peace initiative that Lopez Portillo unveiled last February—advocating direct US-Nicaraguan talks and offering Mexico's good offices—established the framework for Mexico's policy toward Central America through 1 December when he leaves office. In the midst of Mexico's most serious economic crisis in modern history, Lopez Portillo continues to be buoyed by the international acclaim given his prescription for easing tension in the region. [REDACTED]

Lopez Portillo would have to weigh the domestic benefits of solidifying his credentials with leftists inside and outside the PRI against the risks of antagonizing the military at a time when social unrest is a growing danger. [REDACTED] 25X1

Based on de la Madrid's relatively extensive public and private comments, we do not anticipate a major overhaul of Mexico's policy toward Central America

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Excerpts from Lopez Portillo's 1 September 1982  
State of the Nation speech regarding Central America and US policy toward the region.



Mexican President Jose Lopez Portillo and  
Cuban President Fidel Castro [redacted]

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**On Nicaragua:** "In good times and in bad, we have remained at the side of our Nicaraguan brothers. Their government, supported by their people, has fulfilled its commitments. . . . Don't let it be besieged by economic pressures or threatened with armed intervention by artificial dissidents. Leave it alone. To paraphrase Lincoln, I insist that no country is so good that it can intervene in another without its consent."

**On El Salvador:** "Today when it is already evident that no other solution [than negotiation] is feasible, our proposal [the Franco-Mexican declaration of August 1981] grows even more realistic and has become a call of alarm."

**On Cuba:** "We rejected isolation and strengthened the ties that historically link us to those heroic people. Since 1980 we have carried out secret efforts seeking the end of the absurd silence that prevails between the great nations [the US and Cuba] that are separated by only 150 kilometers of the Caribbean. We have also warned, however, that greatness is not equivalent to either force or size and that the differences between Cuba and the US make reciprocal restraint and responsibility obligatory."

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**On Lopez Portillo's 21 February peace proposal:** "It is evident to all that the alternative to negotiation was and is regional war. We assumed our obligation of doing everything possible to avert the disaster. . . . No one can ever reproach Mexico for not doing everything possible to avoid the cataclysm."

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after Lopez Portillo leaves office. We nonetheless believe that the odds are better than even that over the next two years or so de la Madrid will temper somewhat Mexico's approach.

foreign policy. In this framework, we believe it particularly likely that de la Madrid will eschew splashy initiatives that promote confrontation with Washington and heighten political polarization at home, [redacted]

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[redacted] We look for de la Madrid—like Lopez Portillo in the early stages of his presidency—to pursue initially policies that emphasize social reconciliation, improved relations with the US, and relatively less attention to

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Figure 1. Mexican President-elect Miguel de la Madrid and his wife [redacted]

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[redacted]  
[redacted] In addition—and of special importance—Mexico's economic difficulties should not only absorb the bulk of de la Madrid's energy but should, in our view, reinforce his desire for cordial relations with the US.

Although the new president will want to avoid alienating the party's left wing by any sharp reversal in Central America, we judge that his more conservative instincts, together with his desire to halt growing political polarization, will make him more open than Lopez Portillo to calls for moderation from the military and the private sector. [redacted]

Our estimate of de la Madrid's probable stance on foreign policy issues is based in part on his background. Although his foreign policy experience is largely derived from his international economic expertise, de la Madrid has a greater initial familiarity with the US than Lopez Portillo—a fact underscored by his fluency in English and his graduate education at Harvard. Widely viewed as slightly right of center on political and economic issues, de la Madrid in September 1981 was greeted enthusiastically as the ruling party's presidential candidate by the business community, whose leaders continue to hold him in high esteem. Senior military leaders, many of whom [redacted] hope to have a greater voice on national security matters, have also been heartened. US Embassy sources report that leftists inside and outside the ruling party resented his selection. During the campaign de la Madrid succeeded in patching up differences with the party's left wing—especially with labor leaders, who are likely to judge de la Madrid far more on his economic policies than on what he does in Central America. [redacted]

Bernardo Sepulveda, who is widely regarded as the leading candidate to head the Foreign Ministry under de la Madrid, is a strong Mexican nationalist but—in the view of the US Embassy—is more moderate than Castaneda and generally balanced on issues involving the US and Mexico. Currently serving as Ambassador to the US—where he was sent to gain additional experience—the 40-year-old Sepulveda was de la Madrid's chief foreign policy adviser during the early stages of the campaign. He demonstrated in 1975 an early interest in the US by helping to establish an American Studies program at a Mexican research center. [redacted]

As PRI's International Affairs Secretary—a post he held from soon after de la Madrid's selection until March—Sepulveda presented a COPPAL (Permanent Conference on Latin American Political Parties) declaration in February that sharply criticized US policy toward Central America. In addition, many of the deputies he selected to assist him in Washington are strong supporters of Mexico's present stance

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toward Central America. Sepulveda's first major speech after becoming Ambassador, however, was sufficiently pro-US to draw fire from the Mexican press, and [ ] in so doing he may have damaged his prospects for becoming foreign secretary. UN Ambassador Porfirio Munoz Ledo is also known to be seeking the post, but his ties to former President Echeverria and others in the left wing of the PRI militate against his selection, in our judgment. [ ]

In his public remarks on foreign policy de la Madrid has emphasized continuity with Mexican tradition and with Lopez Portillo. In January 1982 he said that he wants to maintain an "equilibrium" that will enable Mexico to have "very cordial" relations with the US, as well as "excellent friendships" with Cuba and Nicaragua. Emphasizing that Latin America, and especially Central America, will be his major foreign policy priority, he stated in early June that he would adhere to Mexico's fundamental tenets, namely, self-determination—the right of each country to choose its form of government, opposition to outside intervention, and promotion of peaceful solutions. In March he echoed Mexico's deep-rooted opposition to US military intervention by stating that "unilateral actions of the great powers for ideological and national security reasons create obstacles to real and democratic solutions." [ ]

Mexico's current economic crisis is not likely to have a major impact on its Central American oil facility but will reduce other credits that Mexico extends to the area. In early August—on the eve of its second devaluation this year—Mexico announced that it was extending for a third year the same concessional terms for its most important aid program, the joint oil facility with Venezuela. By financing 30 percent of its oil sales to nine countries in the Caribbean Basin in 1981, Mexico granted concessional terms worth an estimated \$190 million. Lopez Portillo cited the extension of this program in his 1 September speech in emphasizing that Mexico's financial position would not keep it from making a regional aid commitment. Because the deferred payments represent just 1.3 percent of Mexican oil exports, a change in the program would not substantially increase revenues. Moreover, it is unlikely Mexico would risk losing these customers. On the contrary, recently Mexico has been improving terms for other customers in an attempt to boost its share of the world oil market. [ ]

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Defense of Nicaragua—like that of Cuba—is rapidly becoming an integral part of the ruling party's revolutionary tradition, and de la Madrid has been particularly emphatic in stressing support for Nicaragua in the face of what he perceives as growing US pressure. In late June he publicly promised to reject foreign military or political intervention in Nicaragua and to

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continue providing economic assistance.

Mexico has a duty to provide a "model of coexistence" in its relations with Guatemala and that consequently "our friendship and cooperation will increase." A month later he promised not to allow any trouble against Guatemala to be organized in Mexico. Since Rios Montt took power in March 1982, de la Madrid has reiterated these sentiments. Rios's willingness to pursue a dialogue with the COPPPAL-affiliated Social Democratic Party is likely to reinforce de la Madrid's desire to strengthen ties and may lessen resistance from the left wing of the PRI. 25X1

At the same time, however, tentative evidence suggests that de la Madrid will be more inclined to exert leverage with the Sandinistas to get them to meet the standards of a "third alternative."

#### Implications for the United States

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A decision by de la Madrid to reduce support for revolutionaries in Central America—a decision we would not expect early in his term—would be a clear boost to US policy. It would also deal a significant blow to Cuba and its allies, who since before the fall of Somoza have counted on Mexico to help discredit governments hostile to Havana and bolster the international legitimacy of the radical left. 25X1

If de la Madrid follows through with his apparent intention to normalize relations with the Rios Montt government, this would facilitate Guatemala's efforts to improve its image in the US and Western Europe. Such a move might thereby reduce opposition from abroad to providing limited military assistance to Guatemala and encouraging Spain to restore its Embassy to the ambassadorial level. 25X1

It is in his public comments on Guatemala that de la Madrid has been the most open in suggesting a probable policy shift. In January he stated that

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Figure 2. President Reagan and President Lopez Portillo

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Prospects for narrowing differences between US and Mexican policy are least promising, in our view, in regard to Nicaragua. On the one hand, Mexico may become increasingly inclined to reduce its political and economic support for the Sandinistas if their pattern continues toward increasing repression of moderate groups, more open identification with Marxist-Leninist ideology, and growing reliance on Cuba and the Soviet Bloc. At the same time, we expect de la Madrid to fulfill his promise to provide strong verbal support if he deems that the Sandinistas are under US-inspired military pressure.

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The Lopez Portillo administration has maintained a generally reserved attitude toward the US-sponsored Caribbean Basin Initiative (CBI). Mexican officials have praised US efforts to use economic assistance to alleviate what they consider the underlying cause of political instability but criticize the US for excluding Cuba and Nicaragua as recipients. Mexico also points to its major financial commitment to the Mexican-Venezuelan oil facility to justify lack of interest in contributing to the CBI. This reasoning, along with Mexico's traditional desire to pursue policies toward the region that are independent of the US, make it unlikely, in our view, that de la Madrid will alter Mexico's stance toward the CBI.

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## Appendix

### Mexican Relations With Key Central American Countries During the Lopez Portillo Administration

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#### Nicaragua

Mexico's approach toward the Sandinistas represents the first test of Lopez Portillo's concept of supporting revolutionary movements as a "third alternative" in Latin America.

The effort by Mexico and Costa Rica to persuade other Latin American governments to cut their diplomatic ties to Somoza succeeded when four other Latin American governments did so. The Mexicans also took the lead in the Organization of American States (OAS) on 23 June 1979 to defeat a US-supported peacekeeping presence in Nicaragua.

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By offering an alternative pole of attraction, we believe that Mexico is trying to encourage the Sandinistas to avoid exclusive reliance on Cuba and the Soviet Bloc. In our view, it also hopes over time to persuade the Sandinistas to reach an accommodation with their domestic opponents—although on FSLN terms. Toward this end Mexico

has repeatedly counseled the Sandinistas against eliminating political pluralism but has been slow to use its leverage on this and other issues.

in recent months Mexican leaders have been disquieted by the preeminent influence Cuba has established in Nicaragua and the Sandinista evolution toward totalitarianism. But we judge that the prestige the Lopez Portillo government has invested, coupled with its analysis of trends in the region, will continue to prevent it from seriously reexamining its present policy.

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#### *Mexico's Role in the Nicaraguan Insurrection.*

The Lopez Portillo government's success in helping to topple Somoza bolstered its confidence in pursuing an active policy in Central America and set guidelines for support that it subsequently has given to other Central American revolutionaries. (C)

The Lopez Portillo administration's decision to break relations with Somoza on 20 May 1979—at a time when only Costa Rica had taken such a step—was a major benchmark in Mexico's policy in the region.

***Courting the Sandinistas.*** After the Sandinistas took power on 19 July 1979, Lopez Portillo quickly sent Foreign Secretary Castaneda and party chief Carvajal to Nicaragua to determine the new government's reconstruction needs. On 24 January 1980 the Mexican President visited Nicaragua to firm up offers of economic aid and to articulate publicly the basis of Mexico's policy of "unconditional support." He underscored his desire that Nicaragua represent a new

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nationalist revolutionary model independent of Cuba and the US by publicly telling the Sandinistas that they could be the "protagonists" of a new Latin American future—a "third turning point." To accomplish this, he urged them—in what was to become a recurring message—to avoid the "failings of the Mexican and Cuban revolutions" by maintaining liberty and pluralism along with justice, equality, and security. [REDACTED]

By implicitly linking Mexican assistance to the preservation of pluralism, Lopez Portillo doubtlessly hoped to discourage the Sandinistas from establishing an orthodox Communist regime. [REDACTED]

Differences between Mexican and Venezuelan policy toward Nicaragua help illuminate the kind of political system the two regional powers have tried to promote. Unlike Venezuela, whose diplomats have played a major role in unifying and assisting moderate groups in Nicaragua, [REDACTED] Mexican officials until recently have shied away from contacts with regime opponents and continue to limit their backing exclusively to the Sandinistas. [REDACTED]

These differences highlight the fact that Mexican policymakers do expect competitive democracy to emerge in Nicaragua but, reflecting Mexico's own domestic experience, would be content with a one-party state where some marginal concessions, but no real powersharing, were granted to opponents. Thus, even those moves that the Mexican Government has been willing to take in defense of political pluralism have not been aimed at diluting Sandinista domination. [REDACTED]

[REDACTED] Mexico has supplied psychological comfort to the Sandinistas by offering vocal public backing when they feel threatened by the US. [REDACTED]

Mexican officials have explained their efforts to develop party-to-party links with the FSLN—bilaterally and through the Permanent Conference of Latin American Political Parties (COPPPAL)—as an important aspect of their strategy to try to moderate the Sandinistas. By including the FSLN in COPPPAL, a largely social democratic grouping, the Mexicans have provided the Sandinistas with an alternative to alignment with Cuba and other Soviet allies. They have been reluctant to use their influence in this organization to pressure the Sandinistas, however, even in the wake of a speech by National Directorate member Humberto Ortega in August 1981, which acknowledged that the Sandinistas rely on Marxist-Leninism as their guide. [REDACTED]

**Pressures on Mexico To Reassess Its Policy.** Growing concern about Nicaraguan developments among important political forces in Mexico and West European governments and parties has not caused any diminution in Mexican support to the Sandinistas, nor, in our view, is it likely to at least as long as Lopez Portillo remains in power. [REDACTED]

Having developed close ties to their counterparts in Nicaragua, Mexican business leaders reacted sharply to the arrest of three senior Nicaraguan private-sector officials in October 1981. According to US Embassy

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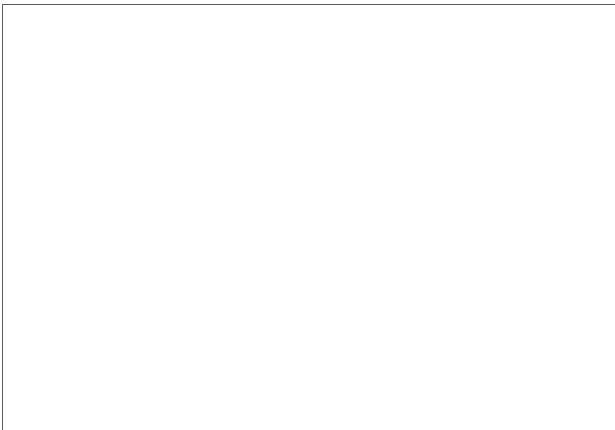
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sources, senior business leaders privately expressed their dismay to Lopez Portillo, and local employee associations sent messages urging the Mexican President to seek the release of the Nicaraguan businessmen. Moreover, by taking out newspaper ads condemning the arrests, the Businessmen's Coordinating Council—Mexico's most prestigious private-sector group—took the unusual step of implicitly criticizing the government's continued backing of the Sandinistas. Lopez Portillo's subsequent successful effort to secure the release of the Nicaraguan business leaders—although not entirely attributable to Mexican private-sector entreaties—suggests that the President is not immune to such pressure. [ ]



[ ] Lopez Portillo made a halt to the Sandinista military buildup an integral part of his peace initiative announced on 21 February.



The Mexicans have also found themselves increasingly out of step with erstwhile foreign supporters of the regime in Managua—including the governments of Panama and Costa Rica and several West European social democratic parties. Nevertheless, Mexico's backing of the Sandinistas has not faltered. [ ]

Despite grumbling at the COPPPAL conference in November 1981 over Sandinista repression, the organization—with Mexican backing—decided to hold its February meeting in Managua. Of even greater symbolic importance was Lopez Portillo's decision to

make his third visit to Nicaragua immediately after the COPPPAL meeting. The growing differences over Nicaragua between Mexico and most members of the Socialist International were accentuated when, at about the same time as Lopez Portillo's visit to Managua, the SI had to cancel its meeting scheduled for Caracas because of refusal by the host Democratic Action Party to permit the Sandinistas to attend. [ ]

We believe that Lopez Portillo's trip to Managua demonstrates that his government will continue its strong support until it leaves office in December, barring a decisive shift leftward by the FSLN. His decision to make the visit contingent on the release of the three Nicaraguan business leaders was an encouraging indication of Mexico's willingness to begin to use its considerable leverage. At the same time, however, Lopez Portillo made it all the more difficult to retrench by labeling assistance for Nicaragua a "true cornerstone" of Mexican policy. His emphasis on the external threat to Nicaragua, moreover, suggests that his fear of US-backed pressure will continue to outweigh his uneasiness with Sandinista repression. [ ]

**Lopez Portillo's Peace Initiative.** The importance the Mexicans give to the peace initiative that Lopez Portillo announced in Managua has been reflected in their aggressive efforts to implement his proposals. To accommodate US concerns, Castaneda publicly agreed on 14 March that the agenda for possible discussions between the US and Nicaragua should be broadened to include a halt to Sandinista arms shipments to the Salvadoran insurgents. [ ]

Presumably to increase pressure on the US, Mexico's UN Ambassador announced in late March that the US and Nicaragua would soon begin talks in Mexico City. At the same time, however, Castaneda underscored his government's desire for an easing of tensions when he told a French journalist that the Sandinistas had made "an error of youth" in not accepting the proposal offered by the US in August 1981. [ ]



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In his State of the Nation address on 1 September Lopez Portillo reaffirmed the importance of his peace proposal, arguing that the alternative to negotiations is regional war. By joining Venezuelan President Herrera Campins in urging Nicaragua and Honduras to hold discussions, the Mexican President signaled that he intends to continue actively pressing for diplomatic solutions until he leaves office.

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Mexican leftists sharply criticized the decision to meet with Lucas and intensified pressure on the government to break relations, especially after an incident at the Spanish Embassy in Guatemala City in January 1980 in which local security forces killed a group of peasants and radical leftists who had occupied the mission. Although the proposed presidential visit was postponed indefinitely, Mexico resisted leftist calls for withdrawing its Ambassador. A Mexican Foreign Ministry official told US diplomats that his government still hoped Lucas would take steps to foster domestic pluralism and that Mexico was trying, through such moves as encouraging Spain to reestablish ties, to avoid exacerbating the Guatemalan Government's siege mentality.

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We believe that concern by the Mexican armed forces that the Guatemalan insurgency would spill over into the Mexican border region has been an important factor in shaping Mexico's policy toward Guatemala.

### Guatemala

Geopolitical realities have caused Mexico to pursue what we regard as a more hardheaded approach toward Guatemala than it has elsewhere in Central America. Although Mexico's distaste for rightwing military regimes ensured distant relations with the Lucas administration until it was deposed in March 1982, an appreciation for the stability that that government brought to Mexico's southern border prevented Mexico from actively seeking to deepen Guatemala's international isolation.

the Mexicans have been discouraged by the failure of past efforts to coax the Guatemalans toward greater moderation, however, and the Lopez Portillo government continues to react cautiously to Rios Montt.

**Government-to-Government Relations.** Lopez Portillo signaled his intention to use personal diplomacy and promises of closer ties to try to encourage a moderate evolution in Guatemala by meeting with former President Lucas near Tapachula, Mexico, on 18 September 1979. Lopez Portillo promised that he would soon travel to Guatemala, and both governments agreed to establish working groups to deal with major bilateral issues. Foreshadowing the later inclusion of Guatemala in the Mexican-Venezuelan oil facility, Mexican officials also raised at the meeting the possibility of supplying petroleum to Guatemala.

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At the same time, however, the maneuvers aggravated Mexico's relations with Guatemala by raising unrealistic expectations on the part of the Lucas government regarding military cooperation. [REDACTED]

Since the coup on 23 March, President Rios Montt's government has made an effort to improve relations with Mexico. Encouraged by Rios's judicious handling of the seizure of the Brazilian Embassy as well as by his initial steps to curb official violence and implement social welfare programs, the Mexicans have given cautious indications of wanting to mend fences. Castenada's recent characterization of relations with Guatemala as "cordial" was one signal. [REDACTED] 25X15X1

In September 1981 Lopez Portillo resumed efforts to reduce tensions by scheduling a meeting with Lucas. The Mexican President, we suspect, sought concessions on two issues of importance to Mexico. Heartened by Guatemala's willingness to compromise in its territorial dispute with Belize, he hoped to ensure that Lucas would not oppose Belize's move to independence. Lopez Portillo evidently also wanted to solicit Lucas's help in dealing with the growing exodus of Guatemalan refugees. The announcement of the Franco-Mexican declaration on El Salvador, coupled with Lopez Portillo's public endorsement of Belizean independence soured the atmosphere, however, and—yielding to domestic pressure—both governments agreed to cancel the meeting. [REDACTED]

Thereafter, the Mexicans, we believe, abandoned any hope of improving ties so long as Lucas held power. In line with its commitments under the oil facility with Venezuela, Mexico continued to supply oil to Guatemala; however, in 1981 Mexico financed \$22.5 million of its about \$75 million in oil deliveries with concessional credits. Moreover, to avoid further straining relations, Mexican officials responded in relatively measured tones to public charges last fall by senior Guatemalan military leaders that the Mexican Government was assisting Guatemalan insurgents. [REDACTED]

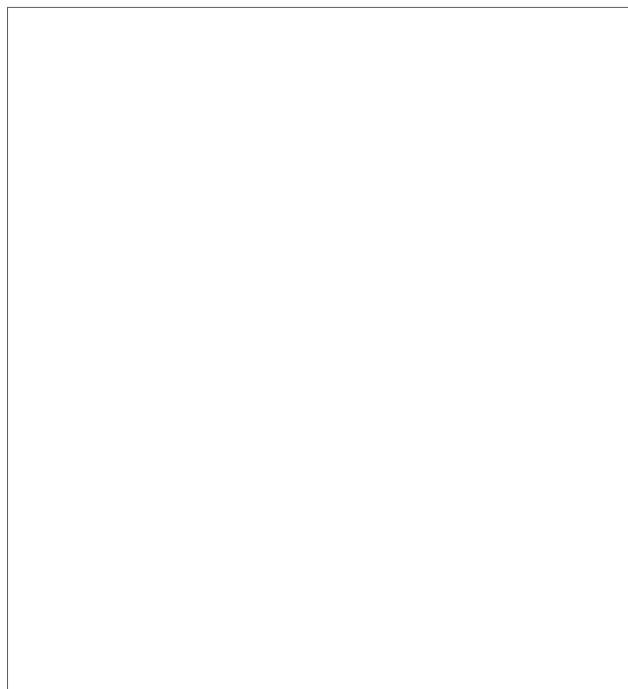
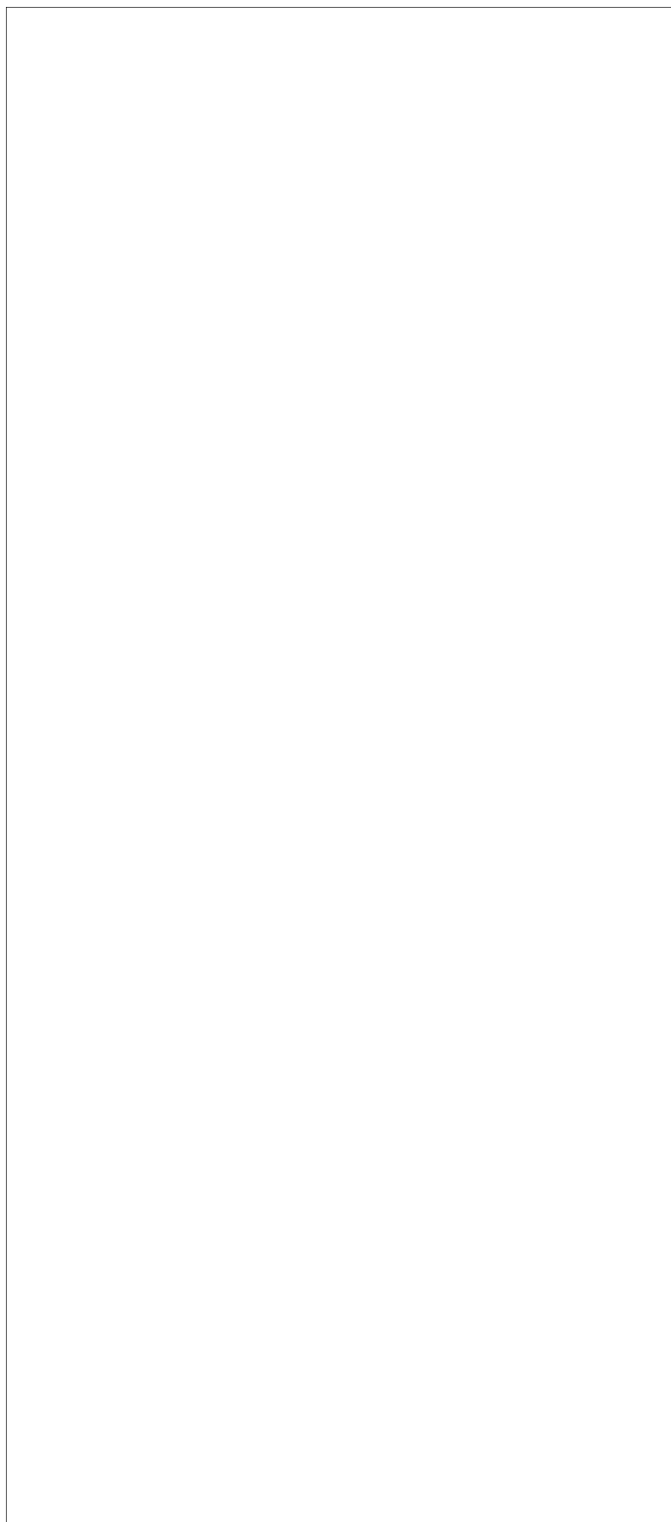
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**Honduras**

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Mexico has given far less attention to Honduras than to other countries in Central America. We believe that Lopez Portillo, nevertheless, sees in the Honduran experience an opportunity to spotlight a possible reformist alternative to the revolutionary violence sweeping the area. Consequently, he has made support for the transition from military to civilian rule the main focus of his government's policy toward that country. [REDACTED]

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[REDACTED] In September 1981—some two months before elections to choose a civilian successor to Paz—Lopez Portillo gave the Honduran leader a red carpet welcome. With an obvious eye to Guatemala, he publicly praised the Honduran process as worthy of emulation. Secretary of Government Olivares—Mexico's highest ranking cabinet member—represented Lopez Portillo at the inauguration of President Suazo in January. And

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COPPPAL, which has no Honduran member parties, soon thereafter echoed the official Mexican position by referring to the "hope generated by the Honduran election." [redacted]

Tempering Mexico's enthusiasm for developments in Honduras, however, has been the Lopez Portillo government's concern about growing Nicaraguan-Honduran hostility. Worried that continuing border skirmishes may escalate and lead to US involvement, the Mexicans have urged Honduras not to harbor anti-Sandinista insurgents. Lopez Portillo addressed this issue publicly in his Managua speech on 21 February by calling for the disarming of former Nicaraguan National Guard members who use Honduras as a base for cross-border raids. The declaration issued by COPPPAL at its February meeting in Managua was even more explicit in urging Honduras to adopt a position of neutrality toward Nicaragua. [redacted]

Mexico has been careful, however, not to line up against Honduras in its dispute with Nicaragua. Toward this end Castaneda has publicly praised the Honduran peace plan that was presented to the OAS on 23 March as consistent with Lopez Portillo's peace initiative, and Mexico has supported it in international forums. Lopez Portillo's meeting with Honduran Foreign Minister Paz Barnica on 2 April presumably was also intended to demonstrate Mexico's evenhanded position. [redacted]

The Mexicans are also increasingly worried about Honduran military collaboration with El Salvador. In late June a Mexican Foreign Ministry official, citing reports of a Honduran blocking operation in the Salvadoran border region, told the US Embassy that he was concerned that such action could lead to an "internationalization" of the conflict. Reflecting what may become a recurring theme among Mexican leaders, the official also expressed unease regarding growing military dominance in Honduran foreign policy decisionmaking. By September Lopez Portillo was sufficiently concerned about the dangers of "regional war" that he made that subject a major topic in his State of the Nation address. Several days later he joined Venezuelan President Herrera in offering to facilitate talks between Honduras and Nicaragua. [redacted]

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